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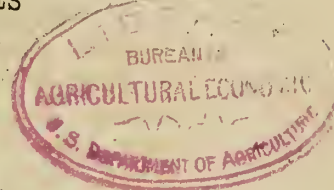


UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Marketing Service

LABELING PROCESSED FOODS IN THE TERMS OF U. S. GRADES

*April 2, 1890*  
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Address, Meeting of Better Business Bureau Executives,  
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To the agency which I have the honor of representing here today is delegated the standardization, grading, and inspection work of the United States Department of Agriculture. This, I think you will agree, gives us a big job--a big responsibility. Under the authority contained in several Federal statutes and in the annual Agricultural Appropriation Act official standards of quality have been developed for most farm and food products. These include cotton, wheat, corn, and the feed grains; tobacco, wool, and hay; livestock, meats, butter, eggs, and dressed poultry; and fruits and vegetables--not only fresh fruits and vegetables, but also canned, frozen, and dried.

This idea of quality standards is not new. Even in the early days of American agriculture the buyer and seller of farm produce used some form of standardization when moving commodities in commercial channels. However, uniform standards--uniform by markets, by regions, and by seasons of the year--had their origin only a little more than a quarter of a century ago when standardization work was begun by the Federal Government. Today in order to have the widest possible uniformity the Agricultural Marketing Service maintains a competent, unbiased, and carefully supervised inspection system. Only under such a Nation-wide system of inspection can uniformity in the application of the standards be assured.

It is not necessary for me to discuss the merits of uniform standards. You know that they help to reduce confusion, waste, and chicanery in buying and selling. You know that yardsticks for measuring quality gradations make for greater efficiency in marketing and distribution, whatever the product may be. These facts are similarly recognized by other groups. It is not difficult to understand why. The producer wants to get the price that the quality of his product and the condition of the market entitle him to receive. This is likewise true of the processor and the distributor, who also need uniform quality gage to facilitate buying and selling, particularly at long distances. This brings us to the consumer, let us

say the homemaker, who wants as much assurance as possible that she is obtaining a product of a quality in line with the price paid.

Consumer interest in the Federal standardization program is a rather recent development, for originally the United States standards for farm products were worked out primarily for producers and distributors. Now, however, the number of products for which standards are being carried to consumers is steadily increasing. Interestingly enough, too, some of our most pressing demands now being received come from consumer groups who want retail grades formulated and the grade name stamped or labeled on the product in such a way that consumers can know what they are buying and can get what they pay for. These demands have been vocal particularly with respect to canned goods which the consumer herself cannot inspect until she buys the can, takes it home, and opens it.

### 39 Grades for Canned Fruits and Vegetables

Commercial inspection and certification of canned fruits and vegetables under the Farm Products Inspection Authority were inaugurated July 1, 1931. Certifications since the inception have been based on the standards of this Service and are designated as A or Fancy, B or Choice, and C or Standard.

A. M. S. grades are always issued first in "tentative" form because it is realized that some of the specifications may need to be changed as inspection experience develops more comprehensive information than was available when the grades were issued. A standard is based on such factors as the physical characteristics of the commodity and on experiences of farmers and the trade in handling it and of consumers in purchasing it. Experienced canners, merchandisers, and students of standardization are consulted, and before the grades are published, even in tentative form, they are circulated among interested groups for comment and suggestions. Even after a standard has passed beyond the tentative stage it is subjected to repeated scrutiny and revision as significant changes occur in production, in test methods, in merchandising practices, and in consumer preferences.

each of the 39 canned

These steps have been followed in formulating standards for/ fruits and vegetables for which ABC grades have been issued during the past 10 years. Grades for 6 of these products have been established during the past 6 months. The ABC grades are used in officially determining and certifying quality and condition for warehousing, financing, and marketing purposes. Each year in the interest of the consumer, increasing millions of cans of fruits and vegetables are labeled in terms of official grades.



### Why ABC Grades

Years ago when "Grandma" performed the big job of preserving our fruits and vegetables the question of grades was not important. When the canner took over most of this job he soon learned that all of his goods could not be of one quality, because our crops do not mature in that way. What he did was to segregate the various qualities into such groups as Fancy, Extra Standard or Choice, Standard, and Substandard. At the same time he thought it best to distinguish his goods in some other way in order that his products might be identified. That is when "brands" came into being. The wholesaler followed the same custom and developed brands of his own for the various qualities he sold. In fact, when the wholesaler found it difficult to sell a given brand to more than one retailer in a town, he developed more brands. Today, therefore, we see merchandise of identical grade, often packed in the same factory, selling in stores in the same town, in the same block and even on the same side of the street, under different brand names and at a range in price. That is why official standards for canned fruits and vegetables came into existence.

Some folks have asked why we did not recommend the use of the trade terms Fancy, Extra Standard or Choice, and Standard. We have never disapproved of their use; we think that they might be used to good advantage. But we inclined to A, B, and C terms because of their simplicity. Moreover, they reflect at once the position of the labeled product in the scale of qualities. Grade A represents the finest quality canned fruits and vegetables, carefully selected as to size, color, degree of maturity, and freedom from blemishes. Grade B consists of fruits and vegetables of excellent quality, though not quite so well selected as to color, size, and maturity as Grade A products. Products in the Grade C classification are of good quality but are not so uniform in color, size, and maturity as those in Grade B.

Some people still ask why brand names cannot provide the same indication as to quality. We feel strongly that the multiplicity in brands answers that question. There is such a large number of brands, both advertised and unadvertised, that no consumer can hope to learn the merits of all the brands likely to be found in retail stores in any one town.

Some studies have shown that there are more than 10,000 brands of canned fruits and vegetables on the market. If we were to go into an imaginary grocery store today which had every one of the 10,000 brands stocked, it would be well to remember that every can is one of four grades or qualities. It is either Grade A or Fancy, Grade B or Extra Standard, Grade C or Standard, or Below U. S. Standard, that is Substandard. I wish to point out in connection

with certain fruits, however, that the classification of products falling in the substandard category has been further broken down into grades D, E, and F. But regardless of the brand you may find on a can, remember that for the most part the product in the can is one of four grades.

These grades are employed by the canner when selling his products. The sales through the broker are confirmed on the basis of one of these grades, either expressed or implied in the contract. The wholesaler or chain store buys on the basis of one of these grades. All too frequently, however, this information is not made available to the retail purchaser, who, after all, is the producer's real customer.

We have suggested that it might be in the best interest of the canning and distributing industry if they took the homemakers of the country into their confidence and revealed in simple, easily understood terms, the quality of the merchandisc they offer.

### Descriptive Labeling

You no doubt have heard at some time about "descriptive labeling" proposed by some in contrast to "grade labeling." Efforts have been made to make it appear that there is a conflict between the two. We want to clarify any misunderstanding that might exist in this regard. We have no desire to debate the subject of A, B, C labeling versus so-called descriptive labeling. We never have raised any objection to descriptive labeling. In fact as early as 1934 we suggested that the information shown on labels should be of two types.

1. A truthful, concise statement of grade in such terms as "Grade A," "Grade B," and "Grade C."
2. Such additional descriptive information as may be appropriate for the product, such as count of pieces in a can of peaches, sieve size of peas, strength of sirup on fruit, number of servings, etc.

Descriptive labeling is part 2 of our program. It is obvious, therefore, that we have no quarrel with descriptive labeling. We merely believe that some simple designation, such as A, B, C or 1, 2, 3, is needed if the consumer is to be given a dependable guide as to the range of quality in canned fruits and vegetables.

### Grading of Canned Products

Much of the descriptive information we originally suggested for certain commodities is now required by law or regulation to be shown on the label. Anyone who knows the quality of the products he sells should be able to so label his products that he need expect little difficulty from law enforcement agencies in connection with misbranding. Anyone

may use the Grade A, B, and C nomenclature, or, for that matter, the Fancy, Extra Standard, and Standard terms, without having the lots inspected by inspectors of the Agricultural Marketing Service. Our Service grades a surprisingly small fraction of the lots of canned products on which such terms appear today. I hope no one, when he sees the term Grade A, Grade B, or Grade C on a label, will get the impression that the Agricultural Marketing Service has inspected the product. The responsibility for the accuracy of the grade statement on labels rests solely with the vendor, and he will be held responsible in the event his goods are intercepted in interstate commerce and found not to be of the quality claimed on the label.

To the end that labeling will be truly informative and honest the Agricultural Marketing Service cooperates with the Food and Drug Administration of the Federal Security Agency. We shall leave no stone unturned, within the limits of our ability, to do what we can to correct instances of misbranding which may come to our attention.

The Food and Drug Administration makes surveys to determine whether the grade statements appearing on labels are truthful. This Service recently participated in such a survey with the Administration. Inspectors of both agencies visited warehouse after warehouse in which grade labeled goods were stored, and samples were cut from many lots. The survey revealed surprisingly few inaccuracies in comparison with the number of lots examined. Some, but comparatively few, seizures were recommended. Cannery and distributors are to be congratulated for their apparent care in properly labeling such a very high percentage of the lots examined. It must be remembered that it is only in comparatively recent years that important advances have been made in the field of labeling, and, as in any new venture, errors are certainly to be expected.

Surveys designed to check the accuracy of grade statements on labels have been made from time to time by private organizations. Properly conducted, such studies may be valuable. Samples have been bought at retail, the labels stripped from the cans, the cans carried or shipped to some concentration office, where they have been repacked and shipped by mail or express to one of our official grading offices. We graded and certified the grade based on precisely what we found at the moment the samples were graded. We feel that such surveys would be infinitely more useful if certain items could be graded just as they are taken from the retailers' shelves, at least before they are subjected to rough handling. I say this because rough handling is certain to result in a lowering of the grade of certain soft commodities such as canned grapefruit, tomatoes, peas, and apricots. When such cans reach us, however, we cannot take rough handling into consideration when grading, so we merely report what we find.

In the future the Agricultural Marketing Service will require that the labels remain on the cans sent to us for grading in connection with such surveys. The reason is to facilitate immediate action to



correct any inaccuracies in labeling which may come to light as a result of such grading.

We regret to state that for the duration of the National Emergency it probably will be necessary for our fruit and vegetable offices to decline much inspection work. Our facilities are taxed to the utmost in handling the inspection of many millions of cases of merchandise for the U. S. armed forces and also huge quantities purchased by the Department for relief and for distribution under the Lease Lend Act. Such inspection, of course, has priority over the regular inspection and research work of the Agricultural Marketing Service.

### Continuous Inspection

An important development has taken place in the field of processed foods in recent months. I remarked that vendors could use the Department grades--"Grade A," "Grade B," and "Grade C"--on their labels without Government inspection. Some time ago the question arose as to whether they could use the prefix "U. S." in connection with their grade statements. The answer was no, unless the raw material and the manufacturing process all along the line were subject to continuous inspection. A product so labeled, therefore, must be packed in a plant operating under continuous inspection of Federal inspectors, stationed in the plant, who observe each step in the operation and subsequently certify the grade of each lot.

A number of canners indicated their interest in having continuous inspection service. We were obliged to decline their requests because we did not have the facilities and the personnel. As the requests became more insistent we found it advisable to experiment in this field in order to ascertain whether such labeling would command the respect of consumers and thus promote the sale of more canned foods and whether a wider market could be developed for crops grown for canning. Last year we invited six canning plants to join us in the experiment. For the most part these plants packed fruits. The plants were selected with due regard to the excellence of plant equipment, their location with respect to raw materials, the disposition of the personnel to cooperate with us in improving their packs, their willingness to operate under housekeeping rules we laid down with regard to sanitation, and a number of other considerations.

There is now on the market in very limited volume merchandise labeled with a shield of this Department in which is shown the terms "U. S. Grade A," "U. S. Grade B," or "U. S. Grade C" and perhaps another shield in which appears the statement "Packed under continuous inspection of the Agricultural Marketing Service of the U. S. Department of Agriculture." Our inspectors were in these six plants at all times during their operation last year. They observed every step in the operation of the plants from the time the goods were received in the receiving sheds until the processed products were finally graded and



certified as to grade, days later. The cost of the expenses for the work is borne by the canners.

Incidentally, we are frequently asked what the continuous inspection service will cost the canner. Although it is a little early to state just what the exact cost will be, it probably will range from one-third of a cent to three-fourths of a cent a case, depending upon the volume packed in each plant.

In order to sound out consumer opinion as to the practicability of the new service, we enlisted the cooperation of the home economics departments of several of the leading universities. Displays were built in stores throughout the country and purchasers of products bearing the new labels were asked to fill in a questionnaire after they had used the product. Only one university has completed its initial survey and released its findings to the press. I now quote from the release of Dr. Jessie V. Coles, Associate Home Economist, New York University.

"The results of the study show that 97 percent of those who used canned foods graded by and packed under the continuous inspection of the United States Marketing Service liked them well enough to buy them again. No one stated a preference for ungraded over graded products and only three percent were in doubt as to whether or not they preferred graded foods. Great confidence was expressed in the government service and in many cases the need for such service was stated specifically by the homemakers interviewed.

"The greater uniformity in quality secured by such grading and inspection services apparently appealed to the consumers since this was the most frequently given reason for desiring government grading.

"The homemaker's ability to judge quality and to get the most value for the money expended were the next important reasons for buying graded foods."

The continuous inspection experiment has attracted a great deal of attention, in fact so much so that we have felt justified in inviting a few more plants to cooperate with us this season. Accordingly, at least 20 plants will operate this year under continuous inspection. They are scattered rather widely over the United States. Whether the experiment will grow into a permanent service of the Department, we cannot say. The answer no doubt will depend in a large part upon the results.

#### ABC Labeling

So today, consumers can buy ABC grade-labeled canned goods--with or without the "U. S." prefix--in many retail stores throughout the country. If the prefix is used, it means that the product has been

prepared in a plant operating under continuous inspection of the Agricultural Marketing Service. If the prefix is not shown, the grade statement means that the packer or distributor claims that the product meets the requirements of the grade shown.

As I indicated earlier in my talk, the Department long ago suggested that descriptive terms as well as grade terms be shown on labels. But descriptive information alone is not enough. Although identical descriptive terms may be used on labels on cans of the same product, the cans may be of different grades. Thus, without a quality statement the consumer would not know whether she should pay, for example, 20 cents, or 16 cents, or 12 cents, for one of three cans bearing the same descriptive terms.

To be specific, the labels on each of four cans of corn might properly have the following descriptive information:

- A statement
1. that the product is corn
  2. that it is cream style
  3. that the color is white
  4. that sugar and salt were the ingredients used in seasoning
  5. that the can is No. 2 size
  6. that the inside is enameled
  7. that the contents weigh 1 lb. 4 oz.
  8. that the number of servings is five.

The above terms may be used with equal propriety on Grade A, Grade B; Grade C, or Substandard corn.

Again, the labels used on each of four cans might show the following descriptive information:

1. that the product is peaches
2. that they are yellow
3. that they are of the clingstone type
4. that the can contains 7 to 9 halves
5. that they are packed in heavy sirup
6. that the number of servings is seven
7. that the can size is No. 2-1/2
8. that the net weight is 1 lb. 13 oz.

As in the case of corn, the above terms may be used with equal propriety on all four cans, yet the actual quality of the fruit may be either Grade A, Grade B, Grade C, or Substandard.

From this explanation you can readily understand why descriptive information does not properly serve the consumer unless it is accompanied by an accurate statement of grade.

In conclusion, I wish to stress one more point. Packs of canned products are graded on quality factors by the packer himself, by the broker, or by the jobber.

They are priced by grade.

Statistics of the pack are published by grade.

Spot holdings are reported by grade.

Shipments are reported by grade.

Not only is the general trade in canned fruits and vegetables based on grades but also the vast purchases made by Government agencies. Neither the wholesale grocers, nor the food chains, nor the super-markets, nor speculators are expected to buy canned fruits and vegetables on descriptive terms alone. Therefore, buying by guess should not be expected of the American homemaker. What ABC grade labeling really amounts to, then, is giving consumers the benefit of quality descriptions found useful in wholesale merchandising. It does not mean the destruction of private brands. It still leaves great opportunities for individual salesmanship.



